

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION BY LAKE VILLAGE WATER)	
ASSOCIATION, INC. FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY FOR)	CASE NO.
CONSTRUCTION OF A WATER STORAGE FACILITY)	94-112
AND ORDER AUTHORIZING THE USE OF)	
DESIGNATED SURCHARGE FUNDS FOR THE)	
CONSTRUCTION)	

O R D E R

By application filed May 9, 1995, Lake Village Water Association, Inc. ("Lake Village") seeks authorization to construct a \$275,000 waterworks improvement project. Project funding is from surcharge funds approved by the Commission in Case No. 89-075.¹

The proposed project involves construction of an additional water storage facility to allow Lake Village sufficient storage capacity to meet the requirements of 807 KAR 5:066, Section 5(4). Plans and specifications for the proposed improvements prepared by Parrott, Ely and Hurt Consulting Engineers, Lexington, Kentucky ("Engineer"), have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

¹ Case No. 89-075, The Notice of Lake Village Water Association, Inc. of a Tariff Amendment Adjusting Rates and Imposing Construction Surcharge.

1. Public convenience and necessity require that the construction proposed be performed to provide sufficient storage capacity to meet the needs of Lake Village's customers. A Certificate of Public Convenience and Necessity should be granted.

2. The proposed construction consists of a 208,000-gallon water storage tank and related appurtenances. After allowances are made for fees, contingencies, and other indirect costs, the total cost of this project is approximately \$275,000.

3. Lake Village should monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Lake Village should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

4. Lake Village should only install fire hydrants which comply with the requirements of 807 KAR 5:066, Section 10(2)(b).

5. Lake Village should obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

6. Any deviation from the construction approved should be undertaken only with the prior approval of the Commission.

7. Lake Village should furnish Bid Tabulations and the Final Engineering Report within 45 days of the bid opening date.

8. Lake Village should furnish documentation of the total costs of this project including the cost of construction and all

other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

9. Lake Village should require construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

10. Lake Village should furnish, within 60 days of the date of substantial completion of this construction, a copy of "as-built" drawings and a signed statement of the Engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

11. Lake Village filed a motion to recuse a member of the Commission Staff from participation in this case alleging, inter alia, that bias had been demonstrated. As the Commission is approving the project as requested by Lake Village, the motion is now moot.

IT IS THEREFORE ORDERED that:

1. Lake Village be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.

2. Lake Village shall comply with requirements contained in Findings 3 through 10.

Done at Frankfort, Kentucky, this 10th day of April, 1995.

PUBLIC SERVICE COMMISSION

Sam E. L. [Signature]
Chairman

Robert M. Davis
Vice Chairman

Linda K. Breathitt
Commissioner

ATTEST:

Don Mills
Executive Director